United Nations A/55/874/Add.1

General Assembly

Distr.: General
4 April 2001

Original: English

Fifty-fifth session
Agenda item 138 (a)
Financing of the United Nations peacekeeping forces in the Middle East: United Nations Disengagement Observer Force

Financial performance report for the period from 1 July 1999 to 30 June 2000 and budget for the period from 1 July 2001 to 30 June 2002 of the United Nations Disengagement Observer Force

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Disengagement Observer Force (UNDOF) for the period from 1 July 1999 to 30 June 2000 (A/55/747) and on the proposed budget for the 12-month period from 1 July 2001 to 30 June 2002 (A/55/778). During its consideration of the reports, the Committee met with representatives of the Secretary-General, as well as with the Chief Administrative Officer of the Force, who provided additional information and clarification.

2. UNDOF was established by the Security Council in its resolution 350 (1974) of 31 May 1974 to supervise the ceasefire called for by the Council and the Protocol to the Agreement on Disengagement between Israeli and Syrian Forces (S/11302/Add.1, annexes I and II) for an initial period of six months. Since then, its mandate has been extended by the Council in various resolutions, the latest being resolution 1328 (2000) of 27 November 2000, by which the Council extended the mandate of the Force until 31 May 2001.

Financial performance for the period from 1 July 1999 to 30 June 2000

3. By its resolution 53/226 of 8 June 1999, the General Assembly appropriated an amount of $35,351,308 gross ($34,618,408 net) for the maintenance of UNDOF for the period from 1 July 1999 to 30 June 2000, inclusive of $1,758,908 for the support account for peacekeeping operations and $344,900 for the United Nations Logistics Base at Brindisi, Italy (UNLB). That amount has been assessed on Member States. As indicated in the financial performance report (A/55/747, para. 8 and table 1), expenditures for the period amounted to $35,026,400 gross ($34,320,700 net), inclusive of $8,014,300 in unliquidated obligations. The resulting unencumbered balance of $324,900 gross ($297,700 net) represents, in

01-32412 (E) 230401

gross terms, approximately 0.9 per cent of the amount appropriated.

4. The Advisory Committee notes, as indicated in the report (ibid., para. 6), that the unencumbered balance resulted mainly from a lower actual troop strength than authorized, more favourable rates for the hiring of aircraft used for the rotation of military personnel, lower than projected requirements under civilian staff salaries and common staff costs as a result of vacancy rates of 21 per cent for international staff (compared with the zero per cent budgeted) (see para. 14 below), deferment of a construction project to the current financial period and more favourable unit rates obtained for the purchase of vehicles under the systems contract. Such savings were offset, in part, by additional requirements arising from payments to troop-contributing Governments to settle death and disability claims.

5. The Advisory Committee was informed that, as at 23 February 2001, troop cost reimbursement for the period from 1 December 1989 to 31 August 2000 totalled $139,857,954 and that the amount owed for the period from 1 September 2000 to 31 January 2001 was $5,652,710. With regard to contingent-owned equipment, the Committee was informed that as at 31 December 2000, $420,795 had been reimbursed and that the estimated amount owed was $933,148, while unliquidated obligations totalled $192,216. In respect of death and disability compensation, $4,789,716 had been paid as at 31 December for 133 claims, 11 claims were pending and unliquidated obligations amounted to $5,500.

6. The Advisory Committee was informed that the cash position of UNDOF as at 12 February 2001 was $11.5 million and that, as at 31 December 2000, unliquidated obligations for the period from 1 July 1999 to 30 June 2000 amounted to $8,024,268, of which the amount of $4,587,416 was government-related, while $3,436,852 was not. The total amount assessed on Member States as at 31 January was $1,248.7 million, against which the payments received amounted to $1,211.2 million, leaving an outstanding balance of $37.5 million.

7. The Advisory Committee notes from the report that the additional requirements ($902,000) under military personnel relate mainly to unbudgeted payments made to troop-contributing Governments for the settlement of backlogged death and disability claims (ibid., annex II, para. 3). The total amount paid during the period for such claims amounted to $1,202,000. As stated in the report, the backlog of claims, some of which relate to incidents that occurred as far back as 1975, resulted both from the delayed submission of claims and from the delayed review and certification of submitted claims (ibid., para. 7). The Committee was informed that the backlog would be eliminated in the current budgetary period, from 1 July 2000 to 30 June 2001. Upon request, the Committee was provided with detailed information on the pending claims, including claims to be eliminated in 2000-2001 (see annex to the present report).

8. The action to be taken by the General Assembly in connection with the financing of UNDOF for the period from 1 July 1999 to 30 June 2000 is indicated in paragraph 10 of the report. **The Advisory Committee recommends that the unencumbered balance of $324,900 gross ($297,700 net) for the period from 1 July 1999 to 30 June 2000 be credited to Member States in a manner to be determined by the General Assembly.**

Information on performance for the current period

9. The Advisory Committee was informed that, against the authorized staffing establishment of UNDOF for the period from 1 July 2000 to 30 June 2001 of 38 international staff and 87 local staff, the posts encumbered as at 31 January 2001 were 35 international staff and 86 local staff (see para. 14 below).

10. The Advisory Committee was provided with expenditure data for the period from 1 July 2000 to 30 June 2001 as at 31 December 2000. Expenditure for the period amounted to $21,345,300 gross ($20,446,100 net) against an apportionment of $34,946,700 gross ($34,195,300 net).

Cost estimates for the period from 1 July 2001 to 30 June 2002

11. As indicated in the report of the Secretary-General on the budget of UNDOF, the proposed budget for the maintenance of UNDOF for the period from 1 July 2001 to 30 June 2002 amounts to $34,536,300 gross ($33,778,900 net) (A/55/778, para. 1 and table 1).

This amount represents a 1.2 per cent decrease ($410,400), in gross terms, in relation to the apportionment for the current period ending 30 June 2001. The proposed budget reflects a decrease of $1,353,500, or 13.2 per cent, in operational requirements, offset in part by increases of $789,700, or 4.2 per cent, in military personnel costs, $52,400, or 1 per cent, in civilian personnel costs, and $95,000, or 188.5 per cent, in training programmes.

12. As indicated in the budget report (ibid., annex I.C, paras. 1-3), the increased requirements under military personnel relate to an additional provision of $29,800 to cover reimbursement to troop-contributing Governments for two additional ambulances to be brought into the mission area under wet-lease arrangements and provision for death and disability compensation for the equivalent of up to five incidents, as well as for settlement of backlog claims (see also para. 7 above).

13. The Advisory Committee notes that increased requirements under international and local staff are mainly attributable to the request for two new local level posts for a Finance Assistant and a Communications Billing Clerk (ibid., para. 5).

14. In connection with the staffing of the Force, the Committee notes that no vacancy rate factor has been applied, although vacancy rates for the period from 1 July 1998 to 30 June 1999 were 8 per cent for international staff and 4 per cent for local staff (A/54/707, table 2) while, for the period from 1 July 1999 to 30 June 2000, they were 21 per cent for international staff and 3 per cent for local staff (A/55/747, table 2). The Committee was informed that, as at 31 January 2001, of the authorized 36 international and 87 local level posts, 35 and 86 were encumbered, respectively, resulting in an 8 per cent vacancy rate for international staff and a 1 per cent rate for local staff. Upon enquiry, the Committee was informed that no vacancy factor was applied to the Force because the number of staff is so small that any slight change in incumbency strongly affects the vacancy rate. **While the Advisory Committee understands the argument and recognizes that the most recent figures reflect an improvement in vacancy rates, it nevertheless feels that, given the vacancy rates since 1 July 1998, some vacancy factor should be applied in future budgets if vacancy rates continue as before.**

15. In a related matter, the Advisory Committee notes that, as indicated in the budget report, 12 local level staff are on mission assignment (A/55/778, para. 33 (b)). Upon enquiry, the Committee was informed that the number of local staff of UNDOF serving at other missions had now reached 14, and that the basic period served was two years, with the possibility of extension to four. The Committee points out that this figure may be high, given the small staffing establishment of the Force.

16. The Advisory Committee enquired as to the reasons for the increase under travel costs of the Chief Administrative Officer and other personnel to New York from $1,720 in the previous budget submission to $25,000 for the period from 1 July 2001 to 30 June 2002 (ibid., annex II.A, item 10). The Committee was informed that provision had been made in the 2001-2002 budget for a total of four round trips between UNDOF and New York (two trips each for the Chief Administrative Officer and a Budget Officer) at $6,250 each trip, including air fare and subsistence allowance. The Committee was further informed that the estimate of $1,720 for the 2000-2001 period was understated and that the actual travel costs of the Chief Administrative Officer and other personnel to New York would be reported in the context of the financial performance report for the period.

17. During the course of its meetings with the representatives of the Secretary-General and the Chief Administrative Officer, the Advisory Committee was informed that additional requirements under premises/accommodations had been the direct result of a study done by the Government of Canada, which found that some accommodations were in need of repair or renovation. Following the Canadian study, the Force conducted its own evaluation of accommodations and identified a number of improvements that were required. Upon enquiry, the Committee was informed that the budgetary process of the Force relies to some degree on contingents identifying their own needs with regard to accommodations and presenting them to the Force. Such requirements then go to the UNDOF Budget Review Committee for evaluation. **In the opinion of the Advisory Committee, the process of identification of accommodation needs has been unduly ad hoc; a procedure should be put into place to review the state of accommodations on a systematic and regular basis.**

18. The Advisory Committee was also informed that the Government of one contingent would be introducing and paying for additional changes to its accommodations during the current biennium. The Government of the contingent would provide funding of approximately $200,000 for containers and $200,000 for equipment to support its battalion project (kitchen facilities). Such funds would be reflected in the performance report for the period as unbudgeted voluntary contributions. It was foreseen that UNDOF would provide approximately $86,000 to support the project.

19. The Advisory Committee requested detailed information on the three phases involved in the implementation of the improvements to accommodations and the total cost foreseen, as well as the role played by contingents in funding part of the expenditure. It was informed that no contingent would provide funding for upgrading of accommodations during the period from 1 July 2001 to 30 June 2002. With regard to the total costs foreseen for the improvement of accommodations, the Committee was informed that the "three-year construction plan" was in the process of being updated by the Office of the Force Commander, in cooperation with the contingents, and that therefore it was not possible to provide an estimate of the total costs of improving accommodations. The Committee was informed that each of the planned phases would relate to a budget period and that the details of the three phases would likely be settled by the end of April. **The Advisory Committee requests that detailed information regarding each of the three phases of the construction plan, as well as the total cost of the project, be provided to the Fifth Committee for its consideration of the budget of UNDOF for the period from 1 July 2001 to 30 June 2002.**

20. The Advisory Committee recalls the statement by the Board of Auditors in its report on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2000 (A/55/5, vol. II, chap. II, para. 83) that UNDOF is "not guided by any appropriate procurement plan". The Committee was informed that improvements had been made in procurement and that UNDOF was endeavouring to enter into as many system contracts as possible. Upon enquiry, the Committee was informed that UNDOF had completed its draft procurement plan for 2001-2002, which would be finalized as soon as the budget is approved by the General Assembly. The Committee was also informed that UNDOF had developed and recently implemented a shared procurement tracing system, which allows online review of the main transactions of all UNDOF offices involved in the process of requisitioning, purchasing and receiving and inspection-invoice processing and payment. The system would make possible a long-term analysis of all purchases of the Force by requisitioning office, commodity, type of purchase, account, value, currency, vendor delivery performance and period of time and would be used in connection with the implementation of the 2001-2002 procurement plan and also for the preparation of future procurement plans.

21. The Advisory Committee was also informed that the major "customer" of the Procurement Section was the Logistics Branch, which is staffed by military personnel and reports to the Force Commander. Procurement, on the other hand, is staffed by civilian personnel and is under the Chief Administrative Officer. What this means, in essence, is that a large portion of the UNDOF purchase requests are made by military personnel. The disadvantage in such an arrangement is that military personnel only serve in the mission for six months and therefore do not have time to become familiar with United Nations procurement policies and procedures. The Committee concurs with the opinion of the Chief Administrative Officer, as expressed during the meetings, that the Logistics Branch should either be integrated into the civil component of UNDOF or that the Force should be restructured so that the Logistics Branch reports directly to the Office of the Chief Administrative Officer. **In the view of the Advisory Committee, the current logistics arrangements in UNDOF militate against proper procurement planning. This issue should be addressed as a matter of urgency in this mission and in the context of all the peacekeeping operations, with a view to introducing new arrangements.**

22. With regard to training programmes, the Advisory Committee notes from the budget report that it is proposed that 40 staff members attend such programmes (A/55/778, annex II.A, item 20). The Committee was informed that the previous budget submission had provided for 18 staff members to attend training programmes. Thus, in a two-year period, 58 staff members are to have been trained. The Committee points out that the number of people attending training

programmes is quite high in comparison to the number of established posts (38 international staff and 89 local staff). **In this connection, the Advisory Committee cautions that training programmes should be carefully identified to meet the needs of the mission. Furthermore, as the Committee has mentioned in other reports (A/54/841, para. 39), care should be taken, in selecting personnel for training, to confirm the staff member's future availability for mission service.**

23. The Advisory Committee notes, as indicated in the budget report (A/55/778, paras. 28 and 29), that, in accordance with General Assembly resolution 53/226, and on the basis of the recommendation by the Committee (A/53/895/Add.1, para. 14), the Secretary-General has taken action to credit back to Member States, in a phased manner, the net surplus balance held in the suspense account of the Force. The Secretary-General proposes to credit back to Member States during the fifty-fifth session of the Assembly the remaining balance of $4,000,000 held in the account and to close the account once this has been done.

24. In paragraph 7 of its resolution 53/226, the General Assembly requested the Secretary-General "to expedite the process of improving the working conditions of the local staff in the Force, taking into account the difficulties arising from the relocation of Force headquarters from Damascus to Camp Faouar". The Advisory Committee notes the measures taken, in accordance with resolutions 53/226 and 54/266, to improve the working conditions of UNDOF local staff. These have included, inter alia, consideration of local staff for mission assignments, provision of central air-conditioning in the General Services, Transport and Communications buildings, access to email and provision of a lunch break facility. In connection with the difficulties arising from the relocation of Force headquarters from Damascus to Camp Faouar, the Committee takes note of the information provided in the budget report (A/55/778, para. 33 (a)), to the effect that the inconvenience that this move has caused local staff has been addressed by factoring a transportation benefit into the net salaries of local staff. UNDOF also provides minibus transportation between Damascus and Camp Faouar at no charge to staff. The Committee also notes the statement in the same paragraph that mobility and hardship allowances are expatriate entitlements and, therefore, not payable to local staff, as well as the statement that "neither the United Nations Security Coordinator nor the International Civil Service Commission have evaluated the UNDOF working environment as requiring such special measures as the approval of hazard pay. Hence, neither UNDOF international nor local staff are entitled to that allowance".

25. As indicated in the budget report (ibid., para. 19), of the five troop-contributing countries, only Japan has signed a contingent-owned equipment agreement. Upon enquiry, the Advisory Committee was informed that the UNDOF Budget Review Committee had explored further possibilities for conversion to the new contingent-owned equipment arrangements in the context of the 2001-2002 budget proposal. As a result, two ambulances being provided by two troop contributors were being budgeted as contingent-owned equipment under wet-lease arrangements and the signing of memoranda of understanding in this connection were in process. The Committee was also informed that the Secretariat continued to pursue the issue of further conversion of United Nations-owned equipment to contingent-owned equipment arrangements. The Committee recalls that the new arrangements for reimbursement to Member States for contingent-owned equipment were approved by the General Assembly in its resolution 50/222 of 11 April 1996, effective as at 1 July 1996. **Accordingly, the Advisory Committee urges the Secretariat, as a matter of priority, to accelerate negotiations towards conversion to the new contingent-owned equipment arrangements.**

26. The actions to be taken by the General Assembly at its fifty-fifth session in connection with the financing of UNDOF for the period from 1 July 2001 to 30 June 2002 are set out in paragraph 3 of the proposed budget. **The Advisory Committee recommends that the Assembly approve the appropriation of the amount of $34,536,300 gross ($33,778,900 net) for the maintenance of the Mission for the 12-month period from 1 July 2001 to 30 June 2002, to be assessed at a monthly rate of $2,878,025 gross ($2,814,908 net), subject to the extension of the mandate of the Force by the Security Council. The Committee also recommends that, during the fifty-fifth session, in accordance with paragraph 13 of Assembly resolution 53/226, Member States be credited an amount of $4,000,000, representing the remaining net surplus balance held in the suspense account of UNDOF.**

Annex

Settlement of death and disability claims of the United Nations Disengagement Observer Force

A. For the period from 1 July 1999 to 30 June 2000

	Certified amount	*Country*	*Date of incident*	*Date claim received*
1.	284 390.13	Austria	24/10/1975	1994
2.	2 658.81	Poland	5/12/1996	10/8/1998
3.	103 260.43	Poland	20/9/1991	16/11/1998
4.	117 956.33	Poland	5/12/1996	21/1/1999
5.	113 316.65	Austria	30/5/1997	23/10/1998
6.	284.37	Poland	16/2/1997	10/8/1998
7.	146 720.37	Poland	15/12/1996	22/10/1998
8.	206 820.94	Poland	3/5/1983	16/11/1998
9.	222 562.25	Austria	20/12/1975	1994
	1 197 970.28			

B. For the period from 1 July 2000 to 30 June 2001

	Certified amount	*Country*	*Date of incident*	*Date claim received*
1.	1 139.23	Austria	20/8/1978	1996
2.	861.44	Austria	20/8/1978	1996
3.	537.70	Austria	6/7/1991	1996
4.	1 433.10	Austria	5/6/1997	8/8/2000
5.	74 006.13	Austria	6/7/1991	1996
6.	65 155.55	Austria	20/8/1978	1996
7.	89 383.70	Austria	20/8/1978	1996
8.	15 000.00	Austria	14/7/1998	20/4/2000
9.	116 118.93	Austria	30/5/1997	8/8/2000
10.	7 029.75	Austria	3/12/1997	8/8/2000
	370 665.53			

C. For the period from 1 July 2001 to 30 June 2002

	Projected amount	*Country*	*Date of incident*	*Date claim received*
1.	27 010.52	Austria	14/7/1975	19/12/2000
2.	57 332.11	Austria	24/7/1974	19/12/2000
3.	273 976.68	Austria	20/1/1977	19/12/2000
4.	54 800.18	Austria	21/5/1977	19/12/2000
5.	4 190.50	Poland	23/6/1996	10/2/1999
6.	50 000.00	Austria	14/7/1998	prior to 30/6/2002
7.	183 330.00	Austria	3/4/1995	prior to 30/6/2002
8.	183 330.00	Austria	19/4/1997	prior to 30/6/2002
9.	50 000.00	Poland	23/3/2000	prior to 30/6/2002
10.	183 330.00	Poland	5/12/1996	prior to 30/6/2002
	1 067 299.99			